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December 15, 2005

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

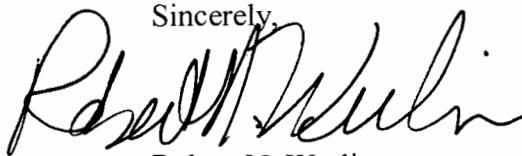
Re: D.T.E. 05-85, NSTAR Electric/NSTAR Gas

Dear Secretary Cottrell:

Enclosed for filing in the above-referenced matter are the responses to the Information Requests set forth on the accompanying list.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert N. Werlin", written in a cursive style.

Robert N. Werlin

Enclosures

cc: Service List

Responses to Information Requests

DTE-3-8

DTE-3-15

DTE-3-26

DTE-3-27

DTE-3-28

DTE-3-36

Information Request DTE-3-8

Refer to Exhibit NSTAR-5, at 13. Please describe with supporting schedules, or cross reference to any document filed, the following:

- (a) How the changes in the proposed distribution energy charges and transition charges for Rate WR were calculated.
- (b) The impact, if any, of the above proposed changes on the provisions of any previous settlement agreement relating to Rate WR, identifying such previous settlement agreement.

Response

- (a) Please refer to Attachment DTE-3-8(a). This attachment sets forth the development of the distribution, transmission and transition charges for Rate WR as proposed in the Boston Edison's reconciliation filing, D.T.E. 05-88. The rate is developed consistent with the Department-approved settlement between Boston Edison and the MWRA in D.T.E. 01-108-A (2002) and with the Department's order D.T.E. 04-113-A (2005). The proposed prices for Rate WR included with this Settlement Agreement (D.T.E. 05-85) simply reflect the uniform per-kWh price change provisions of the Settlement Agreement. For consistency with the provisions of the previous settlement with the MWRA, Boston Edison has revised its rate models for developing January and May rates to include the proposed changes in transition charges. The revised models are set forth in Attachments DTE-3-8(b) and DTE-3-8(c). As a result, the Transition Cost Adjustment proposed for January 1, 2006 is -\$0.00281 per kWh and for May 1, 2006 is -\$0.00223. Revised Rate WR for January 1 and May 1 are included as Attachment DTE-3-8(d) and Attachment DTE-3-8(e), respectively.
- (b) The proposed changes as revised are consistent with the provisions of the previous settlement agreement.

	Boston Edison Company													
	MWRA Rate Analysis													
	Transition Revenue Calculation													

	Boston Edison Company													
	MWRA Rate Analysis													
	Transition Revenue Calculation													
												Proposed	Proposed	

[illegible]

ATTACHMENT DTE-3-8(d)

MASSACHUSETTS WATER RESOURCES AUTHORITY

RATE WR

AVAILABILITY

Service under this rate is available for electricity supplied and delivered in bulk for the purpose of construction and operation of the Deer Island Treatment Facility from the Boston Edison Company's K Street Transmission Station. Service under this rate is subject to both the Company's printed requirements and the Company's Terms and Conditions - Distribution Service, each as in effect from time to time.

CHARACTER OF SERVICE

The Company delivers high tension alternating current, 60 cycles, 3 phase, at 115,000 volts nominal under this rate schedule.

RATE PER MONTH

Delivery Services:

Customer Charge:	\$187.00	per month
	<u>October - May</u>	<u>June - September</u>
Distribution (Demand > 5000 kW)	\$(0.27)	\$(0.27) per kilowatt
Distribution (Energy)	0.004	0.004 cents per kilowatt-hour
Transmission (Demand > 5000 kW)	\$3.73	\$3.73 per kilowatt
Transition (Energy)	1.825	1.825 cents per kilowatt-hour
Transition Cost Adjustment: (See Special Provisions)	(0.281)	(0.281) cents per kilowatt-hour

Supplier Services: (Optional)

Default Service: **As in effect per tariff**

**Issued by: Thomas J. May
President**

**Filed:
Effective: January 1, 2006**

MASSACHUSETTS WATER RESOURCES AUTHORITY

RATE WR

RATE PER MONTH (continued)

Minimum Charge:

The minimum charge per month shall be the Customer Charge or the Distribution Charge, as applicable. See also Special Provision 2 that specifies annual minimum transition charge payments as applicable.

RATE ADJUSTMENTS

The charges for delivery service shall be subject to the following:

Transmission Service Cost Adjustment
Pension Adjustment
Demand-Side Management Charge
Renewable Energy Charge
Default Service Adjustment
Miscellaneous Charges
Restructuring True-Up Charge

DETERMINATION OF DEMAND

The billing demand will be the maximum fifteen-minute demand (either kilowatts or 90 percent of the kilovolt-amperes) as determined by meter during the monthly billing period, except any demand recorded during off-peak hours will be reduced by 70 percent. Demands established prior to the application of this rate shall be considered as having been established under this rate.

BILLING

In determining if a demand charge reduction is applicable, the following defines the peak and off-peak periods:

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President**

**Filed:
Effective: January 1, 2006**

MASSACHUSETTS WATER RESOURCES AUTHORITY

RATE WR

- (1) During the months of June through September, the peak period shall be the hours between 9 A.M. and 6 P.M. weekdays. During the months of October through May, the peak period shall be the hours between 8 A.M. and 9 P.M. weekdays.
- (2) All other hours shall be off-peak including twelve Massachusetts holidays as follows:

New Year's Day
Martin L. King Day
President's Day
Patriot's Day
Memorial Day
Independence Day

Labor Day
Columbus Day
Veteran's Day
Thanksgiving Day
Day after Thanksgiving
Christmas Day

SPECIAL PROVISIONS

Calculation of Transition Cost Adjustment:

1. The Transition Cost Adjustment shall be calculated annually in accordance with the provision of the Settlement Agreement approved in Boston Edison Company, D.T.E. 01-108. The provisions of the Settlement Agreement provide that the Transition Cost Charge Factor results in the payment, under this rate, of an increasing percentage of the Company's annual uniform transition charges over time. For the year 2005, the Transition Cost Charge Factor shall be set equal to 84.6% of the uniform transition charge applicable to all Customers in the calendar year as calculated by the Company. Accordingly, the Transition Cost Adjustment is equal to the difference between the Transition Cost Charge Factor and the uniform transition charge.

**Issued by: Thomas J. May
President**

**Filed:
Effective: January 1, 2006**

MASSACHUSETTS WATER RESOURCES AUTHORITY

RATE WR

SPECIAL PROVISIONS (continued)

2. The Settlement Agreement approved in Boston Edison Company, D.T.E. 01-108 provides for a schedule of annual minimum kilowatt-hour usage levels to be used when calculating the annual transition charge contributions under this rate schedule. Accordingly, the minimum usage level applicable for this year shall be 116,000,000 kilowatt-hours.

TERMS OF PAYMENT

Charges are net and payable upon presentation of the Company's bill.

Filed pursuant to order of the Massachusetts Department of Telecommunications and Energy in Boston Edison Company, D.T.E. 01-108 (2002).

**Issued by: Thomas J. May
President**

**Filed:
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ATTACHMENT DTE-3-8(e)

MASSACHUSETTS WATER RESOURCES AUTHORITY

RATE WR

AVAILABILITY

Service under this rate is available for electricity supplied and delivered in bulk for the purpose of construction and operation of the Deer Island Treatment Facility from the Boston Edison Company's K Street Transmission Station. Service under this rate is subject to both the Company's printed requirements and the Company's Terms and Conditions - Distribution Service, each as in effect from time to time.

CHARACTER OF SERVICE

The Company delivers high tension alternating current, 60 cycles, 3 phase, at 115,000 volts nominal under this rate schedule.

RATE PER MONTH

Delivery Services:

Customer Charge:	\$187.00	per month
	<u>October - May</u>	<u>June - September</u>
Distribution (Demand > 5000 kW)	\$(0.27)	\$(0.27) per kilowatt
Distribution (Energy)	0.382	0.382 cents per kilowatt-hour
Transmission (Demand > 5000 kW)	\$3.73	\$3.73 per kilowatt
Transition (Energy)	1.447	1.447 cents per kilowatt-hour
Transition Cost Adjustment: (See Special Provisions)	(0.223)	(0.223) cents per kilowatt-hour

Supplier Services: (Optional)

Default Service: **As in effect per tariff**

**Issued by: Thomas J. May
President**

**Filed:
Effective: May 1, 2006**

MASSACHUSETTS WATER RESOURCES AUTHORITY

RATE WR

RATE PER MONTH (continued)

Minimum Charge:

The minimum charge per month shall be the Customer Charge or the Distribution Charge, as applicable. See also Special Provision 2 that specifies annual minimum transition charge payments as applicable.

RATE ADJUSTMENTS

The charges for delivery service shall be subject to the following:

Transmission Service Cost Adjustment
Pension Adjustment
Demand-Side Management Charge
Renewable Energy Charge
Default Service Adjustment
Miscellaneous Charges
Restructuring True-Up Charge

DETERMINATION OF DEMAND

The billing demand will be the maximum fifteen-minute demand (either kilowatts or 90 percent of the kilovolt-amperes) as determined by meter during the monthly billing period, except any demand recorded during off-peak hours will be reduced by 70 percent. Demands established prior to the application of this rate shall be considered as having been established under this rate.

BILLING

In determining if a demand charge reduction is applicable, the following defines the peak and off-peak periods:

**Issued by: Thomas J. May
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Effective: May 1, 2006**

MASSACHUSETTS WATER RESOURCES AUTHORITY

RATE WR

- (1) During the months of June through September, the peak period shall be the hours between 9 A.M. and 6 P.M. weekdays. During the months of October through May, the peak period shall be the hours between 8 A.M. and 9 P.M. weekdays.
- (2) All other hours shall be off-peak including twelve Massachusetts holidays as follows:

New Year's Day
Martin L. King Day
President's Day
Patriot's Day
Memorial Day
Independence Day

Labor Day
Columbus Day
Veteran's Day
Thanksgiving Day
Day after Thanksgiving
Christmas Day

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MASSACHUSETTS WATER RESOURCES AUTHORITY

RATE WR

SPECIAL PROVISIONS (continued)

2. The Settlement Agreement approved in Boston Edison Company, D.T.E. 01-108 provides for a schedule of annual minimum kilowatt-hour usage levels to be used when calculating the annual transition charge contributions under this rate schedule. Accordingly, the minimum usage level applicable for this year shall be 116,000,000 kilowatt-hours.

TERMS OF PAYMENT

Charges are net and payable upon presentation of the Company's bill.

Filed pursuant to order of the Massachusetts Department of Telecommunications and Energy in Boston Edison Company, D.T.E. 01-108 (2002).

**Issued by: Thomas J. May
President**

**Filed:
Effective: May 1, 2006**

Information Request DTE-3-15

Refer to Section 2.25 of the Settlement. Provide any analyses or work sheets that led to the derivation of the \$10 million figure for infrastructure improvements related to stray voltage, double poles, and manholes or operations and maintenance expenses related to these projects.

Response

The \$10 million figure is an agreed-to amount that is the product of settlement negotiations between the parties. Consequently, the details by which the number was arrived at are confidential in accordance with paragraph 3.3 of the Settlement Agreement. In addition, the Settlement Agreement does not request that the Department approve or adopt any particular methodology or calculation for this amount, and therefore approval of the Settlement Agreement would not constitute a Department determination regarding the manner in which the threshold was calculated. See paragraph 3.1 of the Settlement Agreement.

Without waiving any position, the derivation of the \$10 million figure is a minimum amount based on projected incremental expenditures in 2006 as noted in Exhibit NSTAR-PBA-2, and as described in more detail in Exhibit NSTAR-PBA-1 (both included in Exhibit NSTAR-1 (Settlement)).

Information Request DTE-3-26

Refer to Exhibits NSTAR Electric-PRM-1 and NSTAR Electric-PRM-2, Schedule 3.
Why did Mr. Moul choose to include NSTAR in the Electric Group?

Response

Inclusion of NSTAR Electric in the Electric Group was mandated because it fit all of the selection criteria set forth on page 12 of Exhibit NSTAR Electric-PRM-1 (Exhibit NSTAR-1 (Settlement)). Traditionally, Mr. Moul includes the parent holding company or the utility itself in the proxy group as long as it fits all of the selection criteria. This approach is followed because the selection criteria provides an objective basis for membership in the proxy group and ignoring a particular company could introduce a potential bias if a company were excluded that otherwise would qualify for the group.

Information Request DTE-3-27

Refer to Exhibits NSTAR Electric-PRM-1 and NSTAR Electric-PRM-2, Schedule 3.
Why did Mr. Moul choose not to do a separate analysis of NSTAR?

Response

As described on pages 3 and 4 of Exhibit NSTAR Electric-PRM-1 (Exhibit NSTAR-1 (Settlement)), Mr. Moul's position is that individual company analysis has become increasingly problematic in recent years. The advantage of group average data is that it helps to minimize the effect of extraneous influences on individually computed cost of equity analysis. Indeed, when individual computations of the cost of equity are preformed, anomalous results could be produced. To avoid this situation, group average data was employed in this case.

Information Request DTE-3-28

Refer to Exhibit NSTAR Electric-PRM-1. Why did Mr. Moul not assess the individual Returns on Equity (“ROEs”) for each of the Companies?

Response

Please refer to the response to Information Request DTE-3-27.

Information Request DTE-3-36

Refer to Section 2.25 of the Settlement. Please explain the phrase “by applying the same requirements as exogenous factor impacts as set forth in paragraph 2.6.5.”

Response

In paragraph 2.25 and in footnote 2, the Settlement Agreement provides cost recovery for the “prudently incurred incremental operation and maintenance costs and revenue requirement associated with the CPSL additions, including depreciation, return on investment and taxes that are incremental to the test-year amount.” The cost-recovery mechanism shall be implemented in the same manner as would govern an adjustment for an exogenous cost, including the \$1.8 million threshold.